

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 891 - HB 1084

March 17, 2015

SUMMARY OF BILL: Prohibits a nursing home considered to be a continuing care retirement community (CCRC) status nursing home from being assessed a fee that is greater than the fee assessed by the state per bed on July 1, 2014. Requires the fees collected after July 1, 2014, in excess of the per bed amount collected prior to July 1, 2014, to be refunded to the CCRC nursing home facility.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$2,620,000/FY14-15/Nursing Home Assessment Trust Fund

**Decrease State Expenditures - \$2,620,000/FY14-15/
Nursing Home Assessment Trust Fund**

**Decrease Federal Expenditures - \$4,873,200/FY14-15/
Nursing Home Assessment Trust Fund**

Assumptions:

- On July 1, 2014, the state transitioned from a \$2,225 per licensed bed fee to an annual nursing home assessment fee that is determined by the Bureau of TennCare on a per-resident-day basis, exclusive of Medicare resident days. The current fee is \$12.66.
- The provisions of the bill will apply to 18 facilities.
- These 18 facilities will be assessed the \$2,225 per licensed bed fee that was in effect prior to July 1, 2014, and will be refunded any amount collected from the \$12.66 per day fee that has been assessed since July 1, 2014.
- The revenue to be collected from the current assessment fee for these 18 facilities is estimated to be \$5,906,330.
- The revenue collected prior to July 1, 2014, for these facilities was \$3,286,325.
- The bill will result in a decrease in state revenue of \$2,620,005 (\$5,906,330 - \$3,286,325).
- The revenue collected through the assessment is spent by the state to drawdown additional federal funds at a match rate of 65.035 percent for nursing facility payments. The reduced revenue will result in decreased state and federal expenditures.
- The reduced state expenditures will be \$2,620,005 at a rate of 34.965 percent.
- The reduced federal expenditures will be \$4,873,217 [(\$2,620,005/0.34965) x 0.65035].
- Pursuant to Tenn. Code Ann. §71-5-1010 (a), the nursing home assessment fee terminates on June 30, 2015; therefore, the fiscal impact is only calculated for the

current fiscal year, FY14-15. If the General Assembly were to extend the nursing home annual assessment fee, there would be a similar reduction in revenue and state and federal expenditures in those fiscal years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

/kml